



# Testamentary charitable trusts



## Your vision | Your contribution | Your legacy

### Create a meaningful, philanthropic legacy by establishing an AET testamentary charitable trust.

#### Do you want to create a significant and enduring legacy?

Many Australians want to make a long-term contribution and give back to their communities.

As a donor with the capacity and motivation to make an enduring and significant impact, a gift in your Will enables you to define and secure your legacy without impacting your financial situation during your lifetime.

At AET, our job is to implement your charitable wishes. Our estate planning and philanthropic services teams will guide you through identifying your vision and the impact you want to achieve through your charitable trust.

To create your charitable trust you will need to provide instructions and letter of wishes. Once your charitable trust is established it will provide you with the comfort and satisfaction of knowing your donation will endure and provide benefit for future generations.

#### Why partner with us?

We have been partnering with philanthropists and their advisers for more than 130 years to help them to achieve long-lasting and effective charitable giving.

We have significant knowledge, experience and expertise in philanthropy and estate planning with a proven track record in successfully establishing, administering and managing testamentary charitable trusts on behalf of some of Australia's most visionary philanthropists.

We work closely with donors to turn their initial charitable gift into a meaningful long-term giving strategy.

#### What is a testamentary charitable trust?

A charitable trust is established in your Will and operates upon your death to benefit your nominated charitable causes.

A testamentary charitable trust is an effective and practical structure through which your legacy can achieve long-term effective philanthropy.

## Is a testamentary charitable trust right for me?

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A testamentary charitable trust is appropriate if you want to:

- **enhance the impact** of an initial gift over the long term
  - **support nominated charities** or charitable purposes
  - **inspire future generations** and engage them in your giving
  - leave a **lasting and powerful legacy**.
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## Leaving a lasting legacy and creating impact for future generations

### Establishing an AET testamentary charitable trust

Your Will represents the governing document for your testamentary charitable trust. Our estate planning lawyers can help you develop your trust's governance structure as well as instructions about how the trust income is to be applied. This includes drafting terms for future advisory committees or co-trustees that will provide guidance and assistance in the ongoing management of the trust.

You can select the name for your charitable trust and decide whether you want it to continue in perpetuity or for a defined period of time.

Upon your death, the executor of your estate will set aside the amount of trust capital you have specified and arrange registration of your charitable trust with the Australian Taxation Office (ATO) and the Australian Charities and Not for Profit Commission (ACNC).

### Selecting a trustee

The trustee is a vital partner in the realisation of your philanthropic vision, so choosing the right trustee is imperative.

Whilst you can appoint family or friends as the trustee, they may not be capable of satisfying the legal, regulatory and administrative responsibilities, nor will they be around forever.

As a professional trustee, we have in-house experts, ideally suited to managing your charitable trust over the long term.

The laws governing charitable trusts continue to evolve and you can be confident we have the expertise to ensure your charitable testamentary trust remains compliant at all times.

We recommend our clients appoint AET Limited as trustee and can provide the necessary clause to your solicitor to ensure your testamentary documents accurately reflect your wishes.

Your family and friends can still engage with your philanthropic endeavours without the risk and responsibility of acting as trustee.

### Tax advantages

Testamentary charitable trusts are eligible for some tax concessions. Usually, both the income and the capital gains earned within your trust are tax-exempt.

### Selecting recipient charities

You may elect to specify the charities or causes to receive your trust income (or capital) or you can leave this to the discretion of the trustee.

Your charitable trust can support a wide range of charitable beneficiaries, including organisations or individuals.

AET can work with you to identify the charities or causes that resonate with you most and are aligned to your legacy objectives.

### Distribution of gifts

The trustee will need to organise and manage the ongoing distribution of funds in accordance with the instructions set out in your Will. Generally, distributions to your nominated charities are made annually after the end of the financial year.

### Ongoing administration

The trustee will need to manage the ongoing administration of your charitable trust, including the maintenance of records, meeting minutes (including funding and investment decisions) and the lodgement of all regulatory reporting.

### Investment management

A Testamentary Charitable Trust is usually established to run in perpetuity and is required under Trust law to invest its assets in line with the prudent person principle.

Your investment adviser can provide ongoing advice on the investments of your charitable trust or AET investments can assume this role. AET will supervise your charitable trust's investments strategy and monitor the risk and returns to help ensure the benefit to the underlying charities is maximised.



## Fees and costs

### Establishment fee

An establishment fee will not be charged for testamentary charitable trusts where we have been appointed the executor of your estate.

However, an establishment fee of \$3,000 + GST will be charged for testamentary charitable trusts established where we are not appointed executor of your estate.

### Ongoing fee

The annual trustee fee is regulated by the government, and is currently charged to a maximum of 1.056% (GST inclusive) of the gross asset value of the trust.

Trustee fees include:

- **General administration and compliance** – including maintaining proper records including minutes of meetings and trustee decisions, arranging for the preparation of financial statements and obtaining a refund of franking credits, engaging an auditor to audit the financial statements and ensuring the fund is compliant at all times.
- **Grant management** – ensuring distribution in accordance with the terms of the trust.
- **Investment** – establishing and adhering to a written investment strategy, ensuring an annual review of assets takes place and ensuring that ‘prudent person principles’ are considered at all times.

For potentially large trusts and those with unique circumstances, we will provide specific written quotes applicable to your circumstances.

## Need more information?

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If you would like more information on setting up a charitable trust, please contact your financial adviser. Alternatively, please contact the AET philanthropic services team on **1800 684 672** or visit our website **[www.aetlimited.com.au](http://www.aetlimited.com.au)**

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